

**MINUTES
of the
SECOND MEETING
of the
JOBS COUNCIL**

**July 6, 2015
Ruidoso Convention Center
Ruidoso**

The second meeting of the Jobs Council (council) was called to order by Representative Don L. Tripp, co-chair, on July 6, 2015 at 10:08 a.m. at the Ruidoso Convention Center in Ruidoso.

Present

Sen. Mary Kay Papen, Co-Chair
Rep. Don L. Tripp, Co-Chair
Vicente Alvarado
Dale Armstrong
Terry Brunner
Jason Espinoza
Rep. Roberto "Bobby" J. Gonzales
Rep. Sarah Maestas Barnes
Alex O. Romero
Sen. Mimi Stewart

Absent

Sen. Stuart Ingle
Rep. Tim D. Lewis
Rep. W. Ken Martinez
Sen. George K. Munoz
Sen. Michael Padilla
Sen. John C. Ryan
Sen. Michael S. Sanchez
Eric Witt
Sen. Pat Woods

Advisory Members

Rep. Alonzo Baldonado
Sen. William F. Burt
Rep. Kelly K. Fajardo
Rep. Bealquin Bill Gomez
Rep. Yvette Herrell
Rep. Larry A. Larrañaga
Rep. Bill McCamley
Sen. Howie C. Morales
Rep. Debbie A. Rodella
Sen. William P. Soules
Rep. Monica Youngblood

Rep. David E. Adkins
Rep. Cathrynn N. Brown
Sen. Carlos R. Cisneros
Rep. Stephanie Garcia Richard
Rep. Conrad James
Sen. Steven P. Neville
Rep. Patricia Roybal Caballero

Guest Legislator

Sen. Linda M. Lopez

Staff

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)
Monica Ewing, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Monday, July 6

Representative Tripp welcomed the council and other participants and introduced Tom Battin, mayor of the Village of Ruidoso, who delivered welcoming remarks. Mayor Battin thanked those present for visiting Ruidoso and highlighted some of the area's recreational opportunities. He said that affordable housing, access to water and underemployment are important issues in the community.

The council approved the minutes from its June meeting without objection.

Background of the Jobs Council and Overview of Roundtable Deliberations

Mark Lautman, lead program consultant to the council, provided an overview of the council's work since 2013 and said that during the next four meetings, participants would form small groups focused on the following topics: 1) economic development organizations; 2) the visitor-driven economy; 3) innovation-to-enterprise entrepreneurship and solo workers; 4) federally derived jobs; 5) film and digital media jobs; 6) agriculture and energy jobs; 7) local economic resiliency; and 8) attracting retirees.

Mr. Lautman explained that the group would divide that day into three discussion groups, one focused on solo work, another on innovation-to-enterprise entrepreneurship and a third on attracting retirees to the state. He said that solo work could be one of the state's fastest growing sectors, and he noted that the category includes any worker who works independently of others, often from home. He asked those in the retiree group to identify programs to support the growth of the retiree sector. He asked the innovation-to-enterprise entrepreneurship group to discuss ways that legislation could be used to stimulate innovation-to-enterprise entrepreneurship.

Mr. Lautman said that a group of interested persons, including the council's contract staff members, met before July 6 to discuss retirees, innovation-to-enterprise entrepreneurship and solo workers. He provided the members and participants with printed summaries of those discussions.

Roundtable Deliberations

The council and other participants divided into the three topic groups. Mr. Lautman instructed the groups to discuss the following with respect to each group's topic: 1) how the topic is defined and measured and whether new economic-base jobs can be created within it; 2) the relevant stakeholders and existing or potential job-procuring agents; 3) the relevant economic sectors within it; 4) the number of jobs that could be created; 5) the number of jobs and

transactions that could be procured by programs and the number of jobs and transactions that could be procured organically, i.e., without assistance of a program; 6) whether marketing and sales efforts have been scaled to the number of jobs that could be created; 7) whether there is land, building inventory, infrastructure and capital required to support the jobs that could be created, and if not, potential solutions to deficits; 8) whether there are qualified workers who could fill newly created jobs and, if not, potential solutions to deficits; and 9) whether there are gaps in leadership, plans, organizations and the business climate that would inhibit the creation of jobs and, if so, potential solutions.

Following deliberations, a representative from each group reported on the group's progress and discussion.

Attracting Retirees

John Garcia, a public participant, reported that the retiree-focused group discussed issues that could encourage or prevent that population from choosing to retire in the state. The group noted that retirees consider a location's housing availability and tax policies when deciding where to retire. A group participant informed the group that New Mexico is one of just a few states that does not market itself to retirees. The group agreed that efforts should be made to target retirees from all levels of public employment. Further, it endorsed the idea of attracting early and gradual retirees who qualify also as solo workers.

Mr. Garcia said that the group discussed the importance of improved infrastructure, including broadband and medical facilities. The group agreed that retirees, in considering a location to retire to, generally weigh heavily the location's proximity to medical facilities.

Regarding sales and marketing efforts aimed at retirees, Mr. Garcia reported that the group discussed how the Tourism Department and the Economic Development Department (EDD) could be instrumental in developing strategies to recruit retirees. The group suggested that advertising in New Mexico Magazine and publications whose content is aimed at older people, like that of AARP, Inc., could help to draw retirees to the state.

Solo Work

Paul Hamrick, a contract-staff person, reported on the solo-work group's discussion. He said the group had difficulty defining solo work, but it concluded that for its purposes, a solo worker is one who works from home and derives 51% or more of the worker's revenue from out of state. The category includes workers who "commute" to work via the internet.

Mr. Hamrick said that the group divided the solo-work category into three areas: 1) conversions, or workers who are not currently solo workers, but whose work could be changed to solo, economic-based employment; 2) recruitment of workers from out of state; and 3) start-up enterprises. The group estimated that the state could create approximately 600 solo-work jobs each year and that half of those jobs could be created in the middle region of the state: 150 through conversions; 100 through recruitment; and 50 through start-up enterprises.

While the group did not arrive at an estimated number of solo-work job "leads" in the state, it did agree that for the purpose of its solo-work discussion, a lead is a person with expertise who is interested in starting a business, but who has few or no contacts in the community to assist with that endeavor.

Mr. Hamrick reported that the group identified some impediments to solo-work job creation, and it developed a list of potential options to overcome those impediments. The group agreed that improving broadband infrastructure and the state's tax structure are measures key to solo-work job creation. It concluded that the Tourism Department could be instrumental in attracting solo workers. The group also discussed the possibility of establishing a formal solo-work job program to recruit or develop solo workers and to assist with start-up solo-work enterprises. A program like that could track the number of solo workers in the state and identify key resources and other factors important to solo workers' success. Lastly, Mr. Hamrick said that the group agreed that a five-year solo-work pilot program — possibly one that builds upon the pilot program in Sandoval County — could be developed to spur solo-work job creation.

Innovation-to-Enterprise Entrepreneurship

Dale Hendrickson, a contract-staff person, presented the report of the innovation-to-enterprise entrepreneurship group's work. He said that the group considered how a start-up enterprise is measured and recommended a collaboration with FatPipe ABQ and other business incubators to develop a metric. The group agreed that for the purpose of its discussion, an "enterprise" is a business that: 1) is in operation for at least three years; 2) has a valid state tax identification number; 3) has an annual revenue of at least \$300,000, half or more of which is derived from out of state; and 4) employs at least three people.

The group recognized that among the most significant concerns for job creation in this topic area are the state's geographic size and the significant distances between many of its cities and towns, which make travel and education challenging. Another concern is the lack of seed funding available for entrepreneurs to start or expand enterprises.

Mr. Hendrickson noted the group's conclusion that there should be better cooperation among the many programs that already support entrepreneurs. The group suggested that, with increased funding, the EDD could dedicate a staff person to the job of connecting entrepreneurs with resources. The group also agreed that improved tax structure and broadband infrastructure could help with job creation in this area.

Discussion and Questions

A member asked how many jobs could be created without improved broadband infrastructure. A participant responded that "broadband" should be carefully defined for the purposes of job creation discussions. He said that it is generally agreed that 10 gigabytes is necessary to qualify as sufficient broadband access. A council member recommended that the legislature or the council consider developing a definition for "broadband". Another participant

suggested that \$20 to \$50 million in capital outlay funding could be used each year to match federal funds for broadband improvements.

Regarding the recruitment of retirees as a strategy for job creation, a council member remarked that, in communities with a high proportion of retirees, those retirees often vote against measures that others would consider important, like school bonds.

Another participant said that one economic development strategy is to use federal funds from the federal Department of Defense to develop a diversification strategy that would support companies currently engaged in defense contract work. That support could help companies transition to work on other innovations and manufacturing once defense contracts expire.

The council agreed to continue to explore solo workers, innovation-to-enterprise entrepreneurship and attracting retirees to the state as job-creation strategies.

Adjournment

There being no further business before the council, the second meeting of the council for the 2015 interim adjourned at 3:41 p.m.